



Massachusetts Teachers' Retirement Board

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MTRB Employer Bulletin

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The implementation of eRetirement is less than a year away— We're gearing up to help you get ready

As reported in the last issue, the MTRB is engaged in the design and development of an innovative, web-based information technology system that will enable us to meet the service demands of the retiring baby boomers. Since the passage of RetirementPlus, the MTRB is retiring about 3000 educators per year, representing a **67 percent increase** in our average number of retirements compared to the previous decade. Within the next five years, we expect the average number of retirements to reach five thousand per year. The successful implementation of the eRetirement system is central to our ability to provide high quality, cost-effective services during this sustained period of high demand.

The implementation of eRetirement in your school district is less than a year away. When we "go live," all of our employer reporting units—school districts, collaboratives and charter

schools—will submit their monthly retirement deduction reports via the new web application. The eRetirement system will process your report, provide you with a status message via e-mail, and provide a secure web application for any error correction that may be necessary.

Training will be a critical factor in the success of the eRetirement system. Please look for our employer seminar announcements in June and make sure your school district is represented. ■

Do you want to join our Employer Focus Group to get involved in the design and/or testing of eRetirement?

If so, please e-mail us at
empsup@trb.state.ma.us.
We'd love to hear from you!

Members' Annual Statements to be mailed in May

The MTRB is currently in the process of compiling data to issue annual account statements to our 80,000-plus active members in May. The statements will be mailed directly to members' homes and will be accompanied by our newsletter, the MTRB *Advisor*.

As in past years, we will send a sample of these materials to all superintendents, along with a general Q&A sheet. ■

Coming in the next issue...

Employer Training Programs—
make sure your district is represented.

Did you also receive your copy of the *Employer Bulletin* via e-mail?

If not, please give us your e-mail
address and we'll send the next issue
to your desktop!

Direct your co-workers to us for guidance—

Laid-off members may qualify for termination retirement benefits

As a result of the current economic shortfalls across Massachusetts, it is expected that many districts may be forced to implement staff reductions. In many cases, this will result in MTRS members qualifying for a termination retirement allowance.

For a member to be eligible to receive a termination retirement allowance, the following conditions must be met:

- ☑ The member must have at least 20 years of creditable service;
- ☑ The position the member held with the school district must be eliminated *or* the member must have failed to be reappointed to his/her position;
- ☑ The elimination of the position *or* failure to be reappointed must be completely involuntary; and,
- ☑ The member may not have refused an offer of a comparable position in which he/she is certified.

The termination retirement allowance is equal to one-third of the member's average salary from his/her three highest consecutive years, plus an annuity amount that is based on the member's age and annuity savings

Have you completed an Accelerated Payment Plan Agreement for any members who have been terminated?

If so, please advise them to contact the MTRB to discuss their retirement options.

account balance at retirement.

The application process for a termination retirement is very similar to the process for regular (non-RetirementPlus) retirement benefits. Upon receipt of an application for a termination retirement allowance from a member, the MTRB will send a form to the district asking for the specific circumstances regarding the termination. No benefits will be paid to the member until the district completes the required documentation and the Public Employee Retirement Administration Commission (PERAC) reviews the facts of the termination.

If you have any questions about the termination retirement calculation or process, please call the MTRB Member Services unit at 617-878-2890. ■

Updates and reminders...

REMINDER: Send your monthly payroll deduction report to our lockbox

Please remember to send your monthly report, Retirement Deduction Submittal and check to the MTRB Lockbox:

W6970
Massachusetts Teachers' Retirement Board
P.O. Box 7777
Philadelphia, PA 19175-6970

Please do NOT send your payroll deduction report or check to our Boston office. ■

NEW: Peace Corps service is now eligible for purchase

Effective April 1, 2003, members of the MTRS may be eligible to purchase up to three years of volunteer service rendered in the Peace Corps. To facilitate the member's purchase, you may be asked to complete a service

purchase application form to verify a member's service and salary history. We appreciate your assistance in implementing this new process. ■

UPDATE: Has your district recently settled one or more of its contracts?

If you have completed an Accelerated Payment Plan Agreement for members who are retiring within the first five years of RetirementPlus, and your district settles a contract or changes the compensation on which you based your original calculations, it is necessary to recalculate the accelerated cost based on the member's increased compensation and have another Accelerated Payment Plan executed if additional amounts should be withheld. Please contact either **Carly Rose** in the Boston office at **617-878-2802**, or **Rich Grzembksi** in our Springfield office at **413-784-1711, ext. 103**, to obtain instructions for creating an Additional RetirementPlus Accelerated Payment Agreement following a contract settlement or other change in compensation. ■



The Next Chapter ...

Encourage your employees to invest a day in their future—

MTRB announces spring retirement seminars

In May and June, we will be presenting our award-winning pre-retirement planning program, *The Next Chapter*, in Westfield, Shrewsbury and Bridgewater.

What is *The Next Chapter*?

The Next Chapter program is an all day, comprehensive retirement planning program that has been presented by the MTRB since 1986 to help teachers and administrators prepare for retirement. The program addresses many retirement issues, including:

- Financial Planning
- Estate Planning
- Social Security and Medicare
- Transition to Retirement
- Your MTRS Benefits

How do members register?

Pre-registration is required for the programs and will be available online only, at mass.gov/mtrb, beginning April 2, 2003.

We'll be asking for your help

We will be mailing posters to each school building principal to help promote the program. We would appreciate it if you would display the posters and pass this information along to any teachers and administrators who may be interested in attending *The Next Chapter*. ■

The Next Chapter
will be presented in May and June as follows:

WESTFIELD, Saturday, May 3

Westfield State College,
Scanlon Banquet Hall

REGISTER ONLINE BY **APRIL 23**

SHREWSBURY, Saturday, May 17

UMass Medical School,
Hoagland-Pincus Conference Center

REGISTER ONLINE BY **MAY 7**

BRIDGEWATER, Saturday, June 7

Bridgewater State College,
Rondileau Campus Center

REGISTER ONLINE BY **MAY 28**

Pre-registration is **required** and
is available **online only**.

Simply go to mass.gov/mtrb
and click on *The Next Chapter*.

An update on an important RetirementPlus issue—

R+ accelerated payments paid by the school district constitute retirement incentive payments

Many members have opted to take advantage of RetirementPlus and, as a result, have entered into Accelerated Payment Plan Agreements. Some districts wish to reimburse their teachers for their RetirementPlus accelerated payments to allow them to retire with the benefits of RetirementPlus at no net cost. If your district is contemplating reimbursing members for the accelerated payments that they make, then you must follow these guidelines.

What you CANNOT do

Any existing accelerated payment plan, or any such plan that a member enters into, cannot be terminated except in accordance with its terms (i.e. upon its expiration date, or the termination of employment or death of the teacher). Once entered into, an Accelerated Payment Plan Agreement is binding, and cannot be altered. So, a member cannot end a plan she has entered into with the Board simply because the district has offered to pay some of the cost.

The district cannot simply make an employer contribution on a pre-tax basis. Any amounts paid to the Teachers' Retirement System on a pre-tax basis must be taken from employee compensation.

What you CAN do

■ Amounts still owing

With regard to any portion of the member's RetirementPlus accelerated payment cost that the member has not yet paid, or entered into an agreement to pay, the district and member have considerable flexibility. Essentially, the district can agree to pay the member more, and that additional pay can be sent to the Board on a pre-tax basis. Any existing Accelerated Payment Plan Agreement cannot be altered or terminated, but the member can enter into *another* Agreement for the additional pay. This is true whether the additional amounts are paid in a lump sum or over a period of time.

For example, say a teacher still owes an accelerated payment of \$8,000, and has not already elected to contribute this amount on a pre-tax basis through an Accelerated Payment Plan Agreement. After amending the collective bargaining agreement to provide for payment of this added retirement incentive, the district

could pay the \$8,000 to the teacher in one lump sum. Right before that pay period, the member would have to enter into an Accelerated Payment Plan Agreement sending \$8,000 in the next pay period to the Board via payroll reduction.

Alternatively, this member's pay could be increased by \$800 over the next ten pay periods. Right before these increases began, the member would have to enter into an Accelerated Payment Plan Agreement sending the Board \$800 in each pay period over the next ten pay periods, thus totalling \$8,000.

■ Amounts already paid or assigned

With regard to a member's RetirementPlus accelerated cost that has already been paid, or that portion of the cost covered by an existing Agreement, the district's only option would be to reimburse the member, with taxable dollars, for the RetirementPlus cost already paid or covered by the existing agreement.

Please note that the extra amounts paid by the district, whether pre-tax or after-tax, clearly would be retirement incentives and would NOT count as regular compensation.

Before you determine a precise course of action, we urge you to send us a written description of what you have in mind so we can make sure it complies with the Internal Revenue Service's Private Letter Ruling authorizing RetirementPlus pre-tax accelerated payments. We also urge you to review your course of action with your school counsel. A misstep here could have consequences for the district with the Internal Revenue Service. ■